



Montana Crop & Livestock Reporter

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HIGHLIGHTS:

Montana Grain Movement
2005 Red Meat Production
Sweet Cherry Production
February Red Meat Production
Milk Production
Cattle on Feed
Potato Stocks
Egg Production
Shift to Larger Farms-ERS

Montana Grain Movement

Montana wheat shipped to out-of-state destinations during July 2005 through December 2005 was 65.4 million bushels, which was up 9% from the previous year.

Over 87% of wheat shipped during this period headed west, totaling 57 million bushels, up 19% from a year earlier. Movements to eastern destinations during this period totaled 4.3 million bushels, up 3% from a year ago. Other and unknown destinations totaled 4.3 million bushels, down from 8.2 million bushels a year ago.

Wheat shipped by rail amounted to 62.9 million bushels, 96% of total shipments. Wheat trucked during this period was 2.6 million bushels compared with 3.6 million bushels last year. The percentage of wheat shipped by truck was 4% of the total,

which was down 2 percentage points from the previous year.

Montana barley shipped to out-of-state destinations during the July 2005 to December 2005 period was 7.8 million bushels, down 17% from the same period last year.

Shipments of barley out of Montana headed for western destinations were down 61% from the same period last year, at 1.5 million bushels. Shipments to eastern destinations were down slightly from last year at 5.1 million bushels. Shipments to other destinations went up 0.9 million bushels from last year to 1.1 million bushels this year.

Barley shipped by rail amounted to 7.0 million bushels, down 1.9 million bushels from last year. Barley hauled by rail was 90% of total movement, down 5 percentage points from the same period last year.

Annual Red Meat Production for 2005

Montana slaughter plants produced 17.4 million pounds, dressed weight, of red meat during 2005, compared with 15.5 million pounds in 2004, according to USDA, National Agricultural Statistics Service, Montana Field Office. There were 20,700 cattle slaughtered during 2005, up

11 percent from the previous year. The total live weight of 23.9 million pounds was up 12 percent from a year earlier. The average live weight was up 7 pounds to 1,157 pounds.

There were 14,900 hogs slaughtered in Montana, up 2 percent from 2004. Total live weight of 3.7 million pounds was up 9 percent from last year. The average live weight was 251 pounds per head compared with 235 the previous year. Sheep and lamb slaughter amounted to 3,600 head, down 100 head from 2004. The average live weight of 121 pounds was 1 pound lighter than the previous year. Total live weight of all sheep and lambs slaughtered in 2005 decreased 5 percent from 2004 to 433,000 pounds.

The number of federally inspected slaughter plants in Montana on January 1, 2006 was 9, unchanged from 2005. There were 145 non-federally inspected plants on January 1, 2006, up 4 from the same date a year ago.

Red meat production for the United States totaled 45.8 billion pounds in 2005, slightly higher than the previous year. Red meat includes beef, veal, pork, and lamb and mutton. Red meat production in commercial plants totaled 45.7 billion pounds. On farm production totaled 135 million pounds.

Wheat and Barley Shipments out of Montana from July through December, 2004-2005 1/

| | Barley | | Durum Wheat | | Hard White Wheat | | Soft White Wheat | | Spring Wheat | | Winter Wheat | | Total Wheat | |
|---|---------------|-------|-------------|-------|------------------|------|------------------|------|--------------|--------|--------------|--------|-------------|--------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| | (000 Bushels) | | | | | | | | | | | | | |
| Shipments By Truck | | | | | | | | | | | | | | |
| West | 213 | 421 | 2 | 0 | 27 | 12 | 28 | 21 | 858 | 698 | 1,702 | 1,219 | 2,617 | 1,950 |
| East | 63 | 102 | 141 | 102 | 0 | 4 | 4 | 2 | 23 | 9 | 37 | 5 | 205 | 122 |
| Other & Unknown | 217 | 250 | 57 | 0 | 0 | 0 | 0 | 0 | 360 | 113 | 379 | 374 | 796 | 487 |
| Total Shipments | 493 | 773 | 200 | 102 | 27 | 16 | 32 | 23 | 1,241 | 820 | 2,118 | 1,598 | 3,618 | 2,559 |
| Shipments By Rail | | | | | | | | | | | | | | |
| West | 3,745 | 1,117 | 4 | 139 | 26 | 160 | 0 | 0 | 27,569 | 31,785 | 17,604 | 22,754 | 45,203 | 54,838 |
| East | 5,078 | 4,998 | 3,589 | 1,737 | 3 | 0 | 0 | 0 | 395 | 473 | 17 | 0 | 4,004 | 4,210 |
| Other & Unknown | 43 | 891 | 2,042 | 1,320 | 0 | 24 | 0 | 0 | 3,014 | 1,865 | 2,387 | 609 | 7,443 | 3,818 |
| Total Shipments | 8,866 | 7,006 | 5,635 | 5,196 | 29 | 184 | 0 | 0 | 30,978 | 34,123 | 20,008 | 23,363 | 56,650 | 62,866 |
| Total by Rail & Truck | 9,359 | 7,779 | 5,835 | 5,298 | 56 | 200 | 32 | 23 | 32,219 | 34,943 | 22,126 | 24,961 | 60,268 | 65,425 |
| 1/ Data is reported by commercial elevators and licensed truckers and is expanded to represent 100% of elevator capacity. | | | | | | | | | | | | | | |

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2005 Red Meat Production (Continued from front page)

U.S. beef production, totaled 24.8 billion pounds, slightly higher than the previous year. Veal production totaled 165 million pounds, down 6 percent from last year, setting a new record low. Pork production, at 20.7 billion pounds, was slightly higher than the previous year, setting a new record high. Lamb and mutton production set a new record low, totaling 191 million pounds, 4 percent below the previous record low set a year ago.

U.S. commercial cattle slaughter during 2005 totaled 32.4 million head, down 1 percent from 2004, with federal inspection comprising 98.3 percent of the total. The average live weight was 1,256 pounds, up 16 pounds from a year ago. Steers comprised 52.8 percent of the total federally inspected cattle slaughter, heifers 30.7 percent, dairy cows 7.1 percent, other cows 7.9 percent, and bulls 1.6 percent. Commercial calf slaughter totaled 734,400 head, down 13 percent from a year ago with 97.7 percent under federal inspection. The average live weight was 353 pounds, up 23 pounds from a year earlier.

U.S. commercial hog slaughter totaled 103.6 million head, slightly higher than 2004 with 99.0 percent of the hogs slaughtered under federal inspection. The average live weight was up 2 pounds from last year, at 269 pounds. Barrows and gilts comprised 96.7 percent of the total federally inspected hog slaughter. Commercial sheep and lamb slaughter, at 2.70 million head, was down 5 percent from 2004 with 94.7 percent comprised by federal inspection. The average live weight was up 2 pounds from 2004 to 138 pounds.

In the United States, there were 807 plants slaughtering under federal inspection on January 1, 2006 compared with 827 last year. Of these, 658 plants slaughtered at least one head of cattle during 2005 with the 13 largest plants slaughtering almost 54 percent of the total cattle killed. Hogs were slaughtered at 631 plants, with the 13 largest plants accounting for slightly over 58 percent of the total. Likewise, 11 of the 227 plants that slaughtered calves accounted for

nearly 79 percent of the total and 4 of the 497 plants that slaughtered sheep or lambs in 2005 comprised about 67 percent of the total head. Iowa, Kansas, Nebraska, and Texas accounted for almost 53 percent of the United States commercial red meat production in 2005, similar to 2004.

2005 Sweet Cherry Production, Utilization and Value

Montana sweet cherry producers harvested a total of 1,170 tons in 2005, 50 percent below the 2004 production of 2,360 tons and 43 percent lower than the 2,060 tons produced in 2003. Utilization of the 2005 crop totaled 1,120 tons, 50 percent lower than the 2,220 tons utilized in 2004 and 39 percent below the 2003 utilized total of 1,850 tons. The value of production for 2005 was \$4.1 million compared with \$4.5 million in 2004 and \$3.2 million in 2003. The average price per ton received for cherries during 2005 was \$3,660 compared with \$2,010 in 2004 and \$1,710 per ton in 2003. For the first time bearing acres and yield per acre figures were published for Montana. In 2005, there were 740 bearing acres with an average yield of 1.58 tons per acre.

Sweet cherry producers in the United States harvested 251,170 tons in 2005, 11 percent lower than the 2004 total of 283,060 tons, but 2 percent higher than the 2003 crop of 245,700 tons. Producers utilized 243,910 tons in 2005, 13 percent lower than the 279,160 tons utilized in 2004, but slightly higher than the 2003 utilized total of 243,580 tons. Value of production for the 2005 crop totaled \$483.5 million, which is 11 percent higher than the 2004 total of \$437.1 million, and 41 percent higher than the \$342.1 million in 2003. The price per ton was \$1,980 in 2005 compared with \$1,570 in 2004, and \$1,400 in 2003. In 2005 there were 79,010 bearing acres with an average yield of 3.18 tons per acre, compared to 78,275 bearing acres and an average yield per acre of 3.62 tons in 2004, and 74,990 bearing acres with an average yield of 3.28 tons per acre in 2003.

February 2006 Red Meat Production

Montana slaughter plants produced 1.3 million pounds, dressed weight, of red

meat during February 2006, up 9 percent from a year ago, but down 4 percent from last month. Cattle slaughter totaled 1,600 head, 7 percent above a year ago. The average live weight of 1,145 pounds decreased 9 pounds from last year.

During February 1,000 hogs were slaughtered, up from 900 head a year ago. The average live weight of 253 pounds was down 8 pounds from last year. February sheep slaughter in the state totaled 200 head, unchanged from February 2005. The average live weight increased 39 pounds from last year to 129 pounds.

Commercial red meat production for the United States totaled 3.48 billion pounds in February, up 2 percent from the 3.42 billion pounds produced in February 2005.

Beef production, at 1.82 billion pounds, was 3 percent above the previous year. Cattle slaughter totaled 2.35 million head, up slightly from February 2005. The average live weight was up 30 pounds from the previous year, at 1,283 pounds.

Veal production totaled 11.7 million pounds, 3 percent below February a year ago. Calf slaughter totaled 53,000 head, down 14 percent from February 2005. The average live weight was 35 pounds above last year, at 362 pounds.

Pork production totaled 1.63 billion pounds, up slightly from the previous year. Hog kill totaled 8.05 million head, 1 percent below February 2005. The average live weight was 2 pounds above the previous year, at 272 pounds.

Lamb and mutton production, at 14.7 million pounds, was down 3 percent from February 2005. Sheep slaughter totaled 202,500 head, 5 percent below last year. The average live weight was 145 pounds, up 5 pounds from February a year ago.

January to February 2006 commercial red meat production was 7.4 billion pounds, up 4 percent from 2005. Accumulated beef production was up 5 percent from last year, veal was down 5 percent, pork was up 3 percent from last year, and lamb and mutton production was up 4 percent.

February U.S. Milk Production Up 5.9 Percent

Milk production in the 23 major States during February totaled 13.0 billion pounds, up 5.9 percent from February 2005. January production, at 14.0 billion pounds, was up 5.5 percent from January 2005.

Production per cow in the 23 major States averaged 1,588 pounds for February, 66 pounds above February 2005.

The number of milk cows on farms in the 23 major States was 8.21 million head, 121,000 head more than February 2005, and 118,000 head more than January 2005.

U.S. Cattle on Feed Up 8 Percent

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 12.0 million head on March 1, 2006. The inventory was 8 percent above March 1, 2005 and 9 percent above March 1, 2004. This is the highest March 1 inventory since the series began in 1996.

Placements in feedlots during February totaled 1.60 million, 5 percent above 2005 but 1 percent below 2004. Net placements were 1.53 million. During February, placements of cattle and calves weighing less than 600 pounds were 355,000, 600-699 pounds were 300,000, 700-799 pounds were 510,000, and 800 pounds and greater were 433,000.

Marketings of fed cattle during February totaled 1.61 million, 1 percent below 2005 and 5 percent below 2004. This is the lowest fed cattle marketings for the month of February since the series began in 1996.

Other disappearance totaled 73,000 during February, 5 percent below 2005 but 6 percent above 2004.

Montana Potato Stocks Up 12 Percent, U.S. Down 8 Percent

Montana potato producers held 2.9 million cwt in storage on March 1, 2006, up 21 percent from the previous year.

This number represents 84 percent of the 2005 Montana potato crop.

The 13 major potato States held 154 million cwt of potatoes in storage March 1, 2006, down 8 percent from last year and 7 percent below March 1, 2004, for comparable States. Ohio and Pennsylvania were dropped from the potato stocks program starting with the 2005 storage season. Potatoes in storage account for 41 percent of the 2005 fall storage States' production, down 1 percentage point from last year.

Disappearance of 219 million cwt from the start of harvest to March 1, is down 6 percent from last year for comparable States. Shrink and loss, at 20.1 million cwt, is down 18 percent from last year for comparable States.

Processors have used 115 million cwt of 2005 crop potatoes so far this season, down 3 percent from a year ago and 5 percent below 2 years ago. Idaho and Malheur County, Oregon, total processing decreased 4 percent from a year ago and Washington and the rest of Oregon total processing dropped 5 percent from last season. Dehydrating usage accounts for 23.2 million cwt of the total processing, down 11 percent from both last year and the same date in 2004.

Western States held 113 million cwt of potatoes in storage on March 1, down 4 percent from last year. Both Idaho's and Colorado's potato stocks are down 14 percent from last year. California's stocks decreased 40 percent from 2005. Oregon's potato stocks are up 28 percent from last year, Montana's potato sheds stored 21 percent more than in 2005, and Washington's stocks increased 10 percent from last season.

Central States accounted for 31.2 million cwt of potato stocks on March 1, down 21 percent from last year for comparable States. Wisconsin's potato stocks decreased 2 percent from last year, Minnesota's stocks are down 19 percent from 2005, and stocks in North Dakota are 49 percent below last season. Michigan potato stocks are unchanged from the same date in 2005.

Eastern States stored 10.0 million cwt

of potatoes on March 1, down 1 percent from last year for comparable States. Maine's potato sheds held 7 percent less than last year, while New York's potato stocks increased 86 percent from a year ago.

February Egg Production Up 1 Percent

U.S. egg production totaled 6.97 billion during February 2006, up 1 percent from last year. Production included 5.99 billion table eggs, and 989 million hatching eggs, of which 927 million were broiler-type and 62 million were egg-type. The number of layers during February 2006 averaged 350 million, up slightly from a year earlier. February egg production per 100 layers was 1,995 eggs, also up slightly from February 2005.

All layers in the U.S. on March 1, 2006, totaled 350 million, up slightly from a year ago. The 350 million layers consisted of 291 million layers producing table-type eggs, 56 million layers producing broiler-type hatching eggs, and 2.91 million layers producing egg-type hatching eggs. Rate of lay per day on March 1, 2006, averaged 71.6 eggs per 100 layers, down slightly from March 1, 2005.

Egg-type chicks hatched during February 2006 totaled 33.7 million, down 1 percent from February 2005. Eggs in incubators totaled 36.5 million on March 1, 2006 down 1 percent from a year ago.

Domestic placements of egg-type pullet chicks for future hatchery supply flocks by leading breeders totaled 196,000 during February 2006, down 6 percent from February 2005.

Broiler-type chicks hatched during February 2006 totaled 733 million, up slightly from February 2005. Eggs in incubators totaled 666 million on March 1, 2006, up 1 percent from a year earlier.

Leading breeders placed 7.59 million broiler-type pullet chicks for future domestic hatchery supply flocks during February 2006, up 4 percent from February 2005.

Agricultural Production and Federal Commodity Payments are Shifting to Larger Farms

According to a report released by the Economic Research Service in March 2006, family-operated farms continue to account for most U.S. agricultural production. The share of production held by non-family farms has grown over time, but still accounted for just 14 percent of the value of production in 2003. A more striking shift is toward very large family farms (sales of at least \$500,000, in 2003 dollars), which accounted for nearly half (45 percent) of production in 2003, up from 32 percent in 1989. The number of those very large family farms also grew—from 39,700 in 1989 to 66,700 in 2003. Meanwhile, the share of production on smaller family farms (\$10,000-\$250,000 in sales) fell from 40 percent in 1989 to 26 percent in 2003.

The trend to larger farms is sector wide. The shift to larger livestock operations is well-documented and pronounced. For example, family farms with at least \$500,000 in production value held 61 percent of hog production and 75 percent of poultry and egg production in 2003, up from 16 percent and 48 percent in 1989. But important shifts are also occurring in crop production, where very large family farms hold rapidly growing shares of production in cash grains and soybeans, tobacco, cotton, and peanuts, crops traditionally covered by commodity programs and farm legislation.

We assess changes since 1989 because we have accurate and comparable data on farm production, farm household incomes, and farm payments starting in 1989. But changes in farm structure were clearly occurring before that time; the census of agriculture shows ongoing shifts of

production to larger farms in the 1970s and 1980s, continuing after the dramatic decline of farm numbers that had occurred between 1935 and 1975 had run its course. We expect these changes in farm structure to continue, for two broad reasons.

Many small farm operators are nearing retirement. Among the principal operators of smaller commercial farms, those with sales between \$10,000 and \$250,000, the share who are age 65 or older has risen sharply since 1989, suggesting that many are near retirement and not simply transferring the farm to younger operators. More specifically, over 30 percent of operators in the \$10,000-\$99,999 sales class were at least 65 years old by 2003, versus 13 percent of the operators of very large family farms.

Larger farms realize higher profits, on average. Margins (the ratio of operating profit to gross farm income) were negative, on average, for farms with sales below \$250,000 in 2003, and they rose steadily as farm sales increased. The pattern (losses among small farms, and a strong relation between margins and farm size) holds in earlier years, and suggests that there are strong financial pressures driving production toward larger enterprises.

Federal commodity programs have traditionally provided support to producers of selected commodities, principally grains and oilseeds. With production of “program commodities” shifting to larger farms, commodity payments are also shifting in that direction, since payments are linked to planting and yield histories.

Commodity payments include all commodity and disaster assistance payments, and exclude environmental

payments, such as payments received under the Conservation Reserve Program (CRP) or the Environmental Quality Incentives Program (EQIP). Commodity payments reflect a farm’s production history for certain commodities. Specific programs have applied to dairy, peanut, and tobacco production, while broader programs have applied to field crops such as barley, corn, cotton, oats, rice, sorghum, soybeans, and wheat. Payments are tied to the amount of a farm’s cropland that has been enrolled in programs, as well as yield histories. As a result, farms that produce higher volumes of program commodities generally receive higher payments.

High-value crops, as well as fed cattle, hogs, and poultry, are not supported by traditional government price and income support programs, although they do receive disaster assistance and occasionally may benefit from an ad hoc support program. Consequently, farms that produce such commodities receive substantial commodity payments only if they also produce program commodities or have a history of producing them. Because production of fed cattle, hogs, poultry, and high-value crops tends to occur on very large farms, farms in that sales category have traditionally drawn relatively small shares of total commodity payments.

However, as production of traditional program commodity crops shifted to very large farms, commodity payments also shifted sharply. Farms with less than \$250,000 in production value (2003\$) received 63 percent of commodity payments in 1989; by 2003, they received 43 percent of payments. But farms with at least \$500,000 of production received 32 percent of all commodity payments in 2003, up from 13 percent in 1989.

COMING IN NEXT REPORTER

Hogs and Pigs
Ag Prices Received
Weekly Crop Weather Starts
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